Regulation Update

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Bakersfield, California

Pipeline Initiatives

- Liquid and Gas Gathering Definitions
- DOT –195 recent changes
- OPERATOR QUALIFICATION
- INTEGRITY MANAGEMENT PROGRAM
- API 1162 – Public Awareness

Proposed Changes to Liquid Gathering lines

- §195.1 Applicability.
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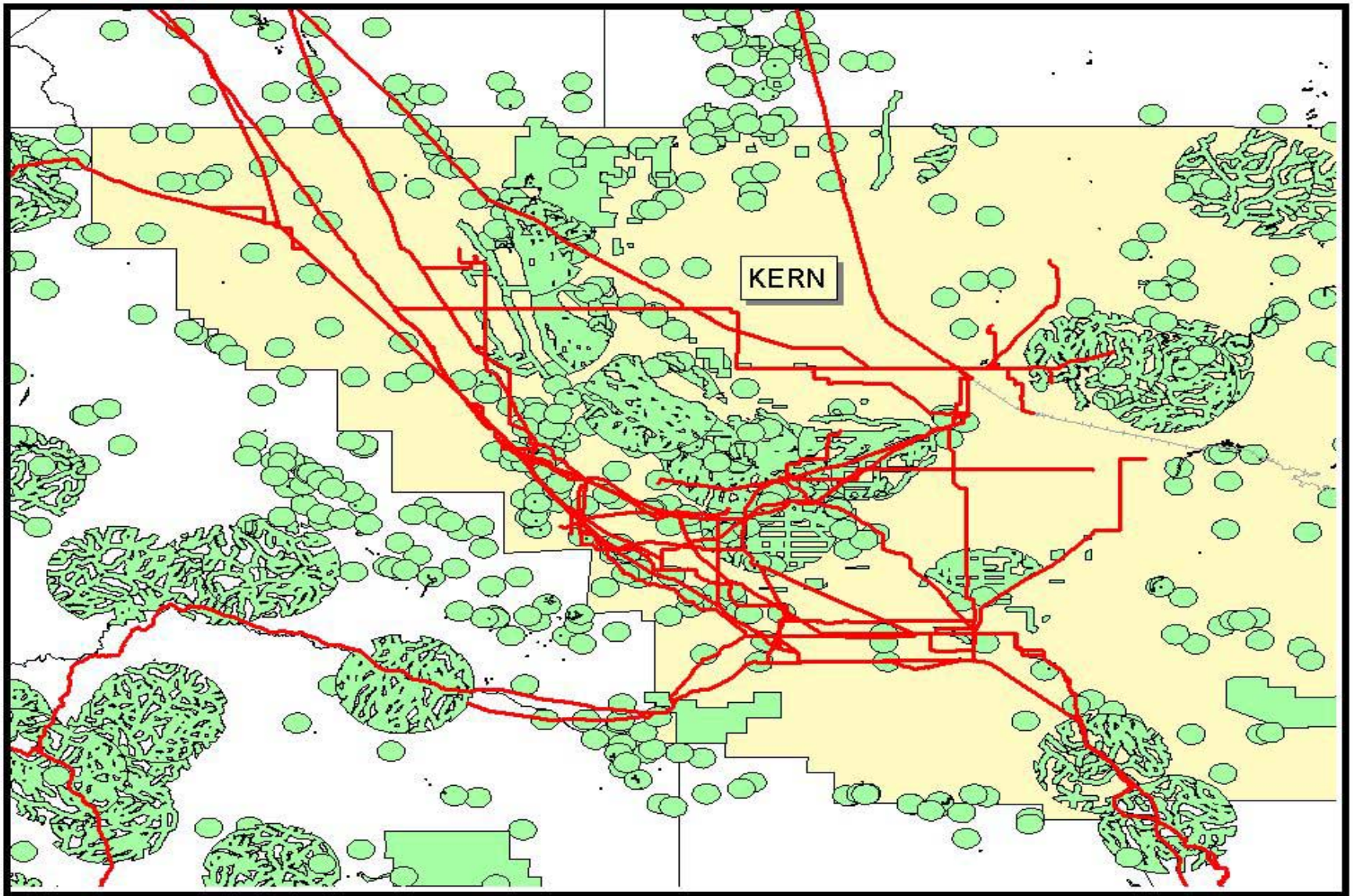
- (b) This part does not apply to-

- ((4) Transportation of petroleum in onshore gathering lines in rural areas except gathering lines in the inlets of the Gulf of Mexico subject to §195.413 that;
- (i) have a nominal diameter of 6” or less;
- (ii) have a maximum operating pressure (MOP) of less than 20% SMYS; and
- (iii) could not affect an unusually sensitive area, as defined in 195.6 or a commercially navigable waterway, as defined by 195.450.

OFFICE of the STATE FIRE MARSHAL

Hazardous Liquid Pipelines

Ecological USA



Path Forward

- Initiate rulemakings by end of year
- Public meetings to be held early 2004

Gas Gathering Line Definition

Public meeting

Austin, Texas

November 19 & 20, 2004

Changes to Part 195 Hazardous Liquid Regulations

Effective October 14, 2003

49 CFR Part 195 Amdt. 195-78]

The changes, which concern welder qualifications, backfilling, records, training, and signs, are based on recommendations by the National Association of Pipeline Safety Representatives (NAPSR).

RSPA/OPS believes the changes will improve the clarity and effectiveness of the present standards.

195.222 Welders: Qualification of welders.

- (b) No welder may weld with a particular welding process unless, within the preceding 6 calendar months, the welder has--

  (1) Engaged in welding with that process; and

  (2) Had one weld tested and found acceptable under Section 6 of API 1104.

195.252 Backfilling.

- When a ditch for a pipeline is backfilled, it must be backfilled in a manner that:

  (a) Provides firm support under the pipe; and

  (b) Prevents damage to the pipe and pipe coating from equipment or from the backfill material.

195.310 Records.

- (b) * * *

  (10) Temperature of the test medium or pipe during the test period.

195.403 Training.

- (a) * * *

  (5) *Learn the potential causes, types, sizes, and consequences of fire* and the appropriate use of portable fire extinguishers and other on-site fire control equipment, involving, where feasible, a simulated pipeline emergency condition.

  * * * * *

195.434 Signs.

- Each operator must maintain signs visible to the public around each pumping station and breakout tank area. Each sign must contain the name of the operator and a telephone number *(including area code) where the operator can be reached at all times.*

OQ Presentation Content

- Review History & Anticipate Future
- Approach to Inspections
- Discuss Protocols

OQ History (1)

- Negotiated Rulemaking Produced Rules
- Rules Published 08/27/99 (Required all Individuals Performing Covered Tasks to be Qualified by 10/28/02)
- NTSB Announced that Rule was Insufficient to Support Satisfactory Closure of OQ Issue
- OPS Initiated “OQ-2”

OQ History (2)

- OQ-2 Included:
  - Revisiting OQ Expectations
  - Preparation of Inspection Protocols
  - Development of Frequently Asked Questions
  - Communication through Web Site

OQ History (3)

- OQ-2 Led to:
  - Industry Concern Re. Expansion of the Rule
  - Clarification of Related Issues
  - Series of 4 Public Meetings to Discuss Issues

OQ History (4)

- Congress Weighs-In (PSIA-2002)
  - OQ Standards and Criteria Must be in Place by 12/17/03
  - Regulators Must Complete Initial Inspections of all Operators by 12/17/05
  - Pilot Program for Certification of Control Panel Operators must be Completed by 12/17/05

OQ History (5)

- Congress Weighs-In (PSIA-2002)
  - Operators must provide TRAINING, as appropriate, to provide individuals with necessary knowledge and skills
  - Failure of OPS to act does not excuse Operators from requirement to comply
  - “Significant” modifications to the Operator’s OQ program must be communicated to OPS

OQ History (6)

- Post-Public Meeting Events
  - Some Issues Resolved, Some Deferred To National Consensus Standard
  - ASME B31Q Initiated
  - Inspections Resumed Based on Updated Protocols (Reflecting Resolution of Issues)

Likely Future Events

- Near-Term Issuance of Focused Supplementary Rule (Year-End?)
  - Documentation of Role of Training
  - Support for Reevaluation Interval
  - Reporting of “Significant Changes”
- Publication of B31Q (June 2004?)
- Supplementary Rulemaking Based on Standard (June 2005?)

Staying Current

- http://primis.rspa.dot.gov/oq/index.htm
- http://www.tsi.dot.gov/divisions/pipeline/pipeline.htm
  - For Historical Development Info, click on "PEPG" [Pipeline Employees Performance Group]
  - For Public Meeting Info, click on "OQ Public Meeting Info"

Inspection Approach

- Operators Submit Program and Covered Task List for Review Prior to Inspections
- Inspections (typically) begin with Operator Presenting its OQ Program
- Regulators Work Through Inspection Protocols and Follow-up Questions

Inspection Approach

- Regulators Caucus to Identify Additional Questions and “Findings”
- Operators Provide Responses to Additional Questions
- Regulators Lead Exit Discussion on Findings

Follow-Up to HQ Inspections (Field Verification)

- Field Verifications are Conducted to verify Adequacy of Program Implementation and Findings of Headquarters Program Inspection (most have been delayed beyond HQ Inspection)
- Depending on HQ Findings, Regulators will Plan more or less Extensive Field Verifications

Follow-Up to HQ Inspections (Field Verification)

- Field Verifications are Focused on
  - Reviewing Qualification Documentation (for both Employees and Contractors)
  - Observing Employee Performance of Covered Tasks According to Operator's Approved Procedures, and Verifying Qualifications and Knowledge of AOC's
- Field Verification may be Integrated with Standard Inspections

Anticipated Communication from Regulators

- As Allowed HQ Inspection Reports will be Provided to States having Jurisdiction over Lines Covered by Operator's Program
- Jurisdictional States will be Encouraged to Rely on these Program Evaluations and Perform only Field Verifications

Additional Information

Status of the
Development of

"Small Operator"
OQ Guidance

Industry/Regulator Team

- **A partnership between industry and regulators has been formed to develop guidance material for "small operators" to meet the requirements of the Operator Qualification rule.**
- **A constant and underlying goal is to ensure that the level of safety provided by OPS's OQ process is maintained and the effectiveness of the rule is not compromised.**

How is this Task being accomplishing? (Matrix)

The Protocol:	What the Operator Should be Expected to Provide:	Commentary to explain how this can be accomplished:	How to Comply:

Schedule for Completion

December 1st, 2003 for the completion of the guidance material.

Integrity Management

Small Operator Inspections

State Fire Marshal Workshop

October 22, 2003

NAPSR/OPS Work Group

- Why it was formed and expected outcomes
- Who's involved
- Implementation approach
- Implementation timeframes
- Experience to date
- Future plans

Why it was formed

- Develop an inspection approach applicable to smaller hazardous liquid operators.
- Design an approach that can be used by state and federal inspectors.
- Achieve an appropriate level of consistency.
- Establish a model that can be utilized for gas IM inspections.

Expected Outcomes

- A flexible inspection process that supports consistent IM inspections.

- An inspection approach which adjusts the level of resource expended to:
  - risk of operations,
  - complexity and extent of operator facilities, and
  - operator's organization structure and IM methods

Expected Outcomes

- Maximize training opportunities for state and federal inspectors.
- Maximize coordination between federal and state agencies to promote efficient use of inspection resources.

The Participants

- Comprised mostly of State inspectors
- OPS/TSI coordination
- Contract support

Chuck McDonald, CA SFM
Dana Arabie, LA DNR
Pat Raichel, NY DPS
Tommy Lancaster, AL PSC
Randy Vaughn, TX RRC
Hossein Monfared, OPS Western Region
Bruce Hansen, OPS HQ
DeWitt Burdeaux, TSI

Key Workgroup Activities

- Identify characteristics of small operators to develop guidance for:
  - inspection scheduling
  - identifying inspection focus areas
  - effective inspection resource allocation
- Evaluate current IM inspection process and adjust for small operators
- Develop protocol-based small operator inspection process

Key Workgroup Activities

- Conduct “pilot” inspections to test the process
  - Work group member states initially
  - OPS Regions and other liquid program states beginning this fall
- Develop training to communicate approach and a recommended OJT process

Inspection Development Timeframes

- “Pilots” conducted for four states – five small operators
- Continue inspections/OJT through mid-2004.
- Hand-off inspections to States and regions when they are assured a quality inspection process has been developed

Experience to Date

- Drawing on state experience with small operators to develop approach
  - Condensed protocol form
  - Training aids to explain protocol structure and organization (fish bone diagrams)
  - Simple risk ranking tool
  - Established preliminary implications of operator asset and IM program characteristics to inspection approach
  - Simplified inspection documentation concepts

Pilot Inspections

- 6 Intrastate Operators
  - 1.2 to 498 miles
  - Short refinery and delivery lines, as well as longer transmission lines
  - Crude and HVL
  - All Types of HCAs
- Inspection duration: ½ to 2 1/2 days
- 2 to 4 state inspectors/inspection

What's Next

- Continue pilot inspections in OPS Regions and other liquid program states
- Finalize and communicate inspection guidance
- Provide training – short regional sessions and OJT
- Recommend inspection documentation approach
- Identify mechanisms to communicate issues and progress to assure consistency during state and region implementation

Timeline

- OQ
  - Headquarter Inspections (in Progress)
  - Small Intrastate Inspections (Begin Jan 1, 2004)
- Integrity Management Program
  - Large Operators (in Progress)
  - Small Operators (March 1, 2004)

API 1162 – Advisory Bulletin

Requires each liquid and gas pipeline operator to implement a continuing public education program and to complete a self – assessment by December 17, 2003

Timeline (continued)

- API 1162 – (December 17, 2003)
- Gathering Line Definition Change (Public Meeting Early 2004)

Inspection Types

- Operator Qualification (1-2 days)
- Standard Inspection (1-4 days)
- Small Operator IMP (1-3 days)
- Breakout Tanks
- Construction